

ECONOMIC DEVELOPMENT COMMITTEE

December 4, 2001

4:30 P.M.

The Economic Development Committee was called to order by Councilman Page, Chairman, with Councilmen Littlefield, Lively, Robinson, Benson, Hakeem, and Franklin present. Councilman Taylor joined the meeting later. City Attorney Randall Nelson and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Adm. Boney, Mike Compton, Steve Leach, Todd Womack and Amy Walker Cherry.

FLOUR DANIEL PRESENTATION—VAAP PROPERTY

Chairman Page turned the meeting over to Jim Bruce of Flour Daniel Corp. Mr. Bruce stated that he was selected by the City Council and the County Commission to conduct a Study of the VAAP property. He thanked the Council for their confidence and stated that they would work hard on this project. He introduced a member of his team, Darrell Johnson, who is an architect and master planner with a degree from Clemson. He also introduced Katy Murphy. He stated that they had not done much yet and that this would be an informal presentation; that he just wanted to introduce their team and to tell the Council how they would move forward.

Mr. Bruce gave a quick overview, noting that the VAAP property was a 940 acre parcel of land, covering 10 square miles on Bonny Oaks. He stated that the first part of the land had been conveyed to the City and the County. He mentioned the efforts of Steve Leach. He mentioned that some of the property had serious topography problems and was not intended for industrial development and would be left in the natural state. He mentioned that if East Tennessee was flat, it would be the size of Texas; stating that the topography of East Tennessee presents challenges. He stated that their hope was to explore flexible opportunities and were in partnership with Barge Waggoner Sumner and Cannon and would relate with them in this area and work carefully with them to coordinate hard engineering and the economic development work, they would do themselves.

Mr. Bruce stated that their work would be in five phases; the first one being that they would look at the site and had taken a high-level view in a helicopter. Mr. Bruce stated that the Council had selected them because of their experience in finding companies; that they wanted to find the types of industries that would meet the goals that the City had set; that they would look at the broad business climate of the City and County. He noted that they had been successful in attracting major businesses in other areas than real estate; that they would conduct interviews with major employers in the area to get their views on doing business in the City of Chattanooga. He stated that they then would identify the initial list of targets that would meet the kinds of goals that the City had established for themselves; that it would be businesses with high quality, stable jobs and would look at

the stability of employment as a criteria.. He stated that they would identify 25 on the list and would receive input from the Council and the County Commission at public meetings; they would then take the list and carve it down further to the most promising and approach them through a Business Recruiter. He stated that he understood a Recruiter would be joining the Chamber of Commerce. Mr. Bruce ended by saying that he appreciated the opportunity to do this and did not have a lot to say right now and would answer any questions about the process.

Councilman Lively stated that he liked Mr. Bruce's comments about finding locations for companies and industries; that he only heard one sour word and that was "Clemson".

Councilman Littlefield stated that he knew different firms had merged and asked if this type of work was what FANTAS used to do. Mr. Bruce stated that he began his career with FANTAS. Councilman Littlefield asked Mr. Bruce if he had received any studies done for Chattanooga before; that we needed to get him these documents. Mr. Bruce agreed that he needed to collect all of this data. Councilman Littlefield stated that he knew a lot had changed, and the data might be out of date.

Councilman Benson stated that Mr. Bruce had mentioned a Five-Step Plan; that he knew looking at the site was Phase I and asked if Economics was Phase II and Targeting industry would be Phase III. He stated that Mr. Bruce had mentioned a list with 25-30 Industrial categories; that leading us to this point would be the next step and would be a big step.

Mr. Bruce thanked Councilman Benson, stating that he had not been clear on the Phases. He stated that Phase I was what they were doing right now; Phase II would be collecting data, and they would start off with an Identity List of targets which they called a Medium List and would list 25 industry levels; Phase III would include looking at other sites that were similar to VAAP; Phase IV would be partnering in townhall meetings which would be set up by the appropriate people and would provide information to the community. He stated they would take the Medium List and bring it down to a Short List of 10-15 opportunities that were the most promising; Phase V would include additional information; that they would provide names and telephone numbers of executive and others for the list of companies, and the Recruiter could make their case.

Chairman Page asked Mr. Bruce if he would consider himself a Site Consultant. Mr. Bruce responded that they were in this business, but that was only part of what they looked at. He stated that they were not engineers or hard site anything; that they looked at sites for types of industrial use and took into account other broader issues such as labor, taxes, and the availability of services. He added that sites were their main business and that they assisted the private sector, mentioning Nissan as being one of their clients.

Councilwoman Robinson asked if they had worked on similar projects as VAAP, which was an Army Ammunition Plant; if they had had any experience with challenges like this. Mr. Bruce responded that they had more experience than anyone else, mentioning that they had cleaned up the old Hanover Site in Manhattan and had worked with the most contaminated site in the western world; that they had worked with a local community that had been 90% dependent on federal grants. He also mentioned a Naval Base in Charleston, South Carolina.

Councilman Franklin asked if he had worked on any major site in California. Mr. Bruce indicated that he did not think they had worked on the site that Councilman Franklin was referring to. He added that their headquarters was in Los Angeles and mentioned a Nuclear Power Plant that had shut down in Sacramento.

Councilman Benson asked Mr. Bruce if he felt “up” about this. Mr. Bruce responded that there were a lot of opportunities. Councilman Benson stated that he knew there were opportunities but wanted to know if Mr. Bruce felt good about this.

Mr. Bruce responded that they would try to get the maximum benefit for the City’s development; that there were not many sites like this in the area; that it would put Chattanooga back in the game; that obviously there were some challenges, and they would look hard at how to deal with this. He stated that a lot of people had expressed an interest in a very large project such as an automobile assembly plant; that for this use you would have to “carve” out 500 acres, and it would entail moving some roads; that this might be something challenging if the City and County were willing to commit to fencing off 500 acres—that a major industrial user would use the whole thing. He indicated that it was a chance, and one did not always know.

Chairman Page asked Mr. Bruce to “temper our reality in terms of timing”—10 to 20 years? Mr. Bruce responded that they were thinking of this project in terms of 12 working weeks; that their desire was to move as quickly as they could; that they wanted to get it done as quickly as possible. He explained that 500 acres was considered a Mega Site, which it would take if you were looking at a big project like an automobile assembly plant. He explained that if the City considered this it would be like the Irish Sweepstakes and would not happen very soon; that the City would have to consider if it was worth the wait, and at this point he could not say.

Councilman Littlefield noted that we had never had the ability to play in this market; that we had had no mega sites, which had limited our ability to be a serious contender.

Councilwoman Robinson stated that she would like to suggest that we are mindful that one size won't fit all; that she would like to see our site be as big as possible and then back it down if we have to; that she would like to see us put on this playing field; that we would have new roads and infrastructure.

Chairman Page asked why a company like Mercedes selected a farm in Alabama over other places. Mr. Bruce responded that Mercedes was their client; that a lot of the answer lay in Alabama's will to win this project; that Alabama had nothing like a high-end sophisticated corporation like Mercedes; that it was a dramatically new plant and was envisioned as a blessing for the state of Alabama; that a lot of people in the State saw benefits beyond economic development and knew that this would be huge to their image.

Councilman Franklin asked what types of incentives they packaged to make this attractive. Mr. Bruce responded that there were a lot of incentives and people contributing to this; that the package had a lot of private sector money as well. Councilman Franklin asked Mr. Bruce to label a few things we can look at to assist in bringing this type of industry to Chattanooga. Mr. Bruce responded that it was too premature to do this; that it was awfully speculative; that they had to get a handle on whether this could be justified; that the City would have to pick one or the other—that if they created a 500 acre site they might have to turn down some smaller businesses.

Councilman Benson stated that diversification is a safety net; that there could be a downside to blocking in 500 acres, and we needed to keep aware of this.

Councilman Lively stated that if he understood Mr. Bruce that part of what they would be doing would be to look at the whole situation and come back with recommendations; that the Nissans of the world are nice; that our diversity is a strong point, and we need to look at the types of businesses with an open mind. Mr. Bruce agreed that this was part of their responsibility.

Councilwoman Robinson noted that as she understood it in the State of Alabama, the state worked together with a public-private effort and urged that we ask for assistance from the State of Tennessee and the Federal Government to help us be a player; that we need to think a little out of the box.

Councilman Littlefield noted that Steve Leach was present and that there is 900 acres and might be more to come in thinking about blocking off 500 acres.

Mr. Leach stated that there are 940 acres, and we are thinking about using 500 acres; that smaller lots could be combined into larger tracts; that we are currently negotiating to buy 200 acres by the School Board site; that we are purchasing another 70 acres. He explained that one area lacks an environmental look and may be available; that several hundred acres are very much in the works, and he would be doing the acquisition.

Chairman Page thanked the representatives for being here, stating that it was a good update. He asked that Amy Walker Cherry keep the Council aware of when a good time would be to have another update.

AGENDA ITEMS FOR DECEMBER 11, 2001

Adm. Boney went over **Resolution** © on next week's agenda, authorizing a lease agreement between Hamilton County, Tennessee and the City of Chattanooga, Tennessee, as Lessors, with the National Medal of Honor Museum of Military History Foundation, relative to certain property located at 1301 Rivermont Parkway, commonly referred to as the "ABB Building", in the amount of \$1.00 annually, for an initial term of 5 years. Adm. Boney explained that they needed more room and would be looking for another place but this was the right thing to do now. Attorney Nelson mentioned the "out" clause. Adm. Boney noted that there was an "out" clause of 60 days.

Resolution (I) authorizes a Mutual Aid and Interlocal Cooperation Agreement with Hamilton County and other cities within Hamilton County. Adm. Boney explained that this is for all of city services such as public works and fire. Adm. Boney stated that we have no history of entering into such an agreement but do have a history of cooperation between other cities; at this point if there was a mass casualty, grant money would be available; that we would have to take this on a case by case basis for a decision on whether to respond. He stated that this was good liability protection and is reimbursable for cost of services.

Councilman Benson mentioned a situation in Shepherd Hills where the City had to put out a fire years ago.

On motion of Councilman Taylor, seconded by Councilman Franklin, these two Resolutions will be recommended to the full Council.

The meeting adjourned at 5:15 P.M.